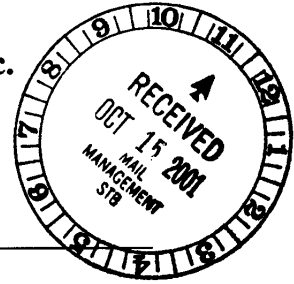


**Industrial Railway Switching & Services, Inc.**  
**1020 Washington Ave.**  
**Chicago Heights, IL 60411**  
**Ph. 708/754-4100 \* Fx. 708/754-4473**



October 8, 2001

RECORDATION NO. 23710 FILED

OCT 19 '01 1-16 PM

Secretary's Office  
Surface Transportation Board  
1925 K Street, N.W., Suite 700  
Washington, D.C. 20423-0001  
Attention: Recordation Unit- Ms. Taledia Stokes

SURFACE TRANSPORTATION BOARD

RE: Industrial Railway Switching & Services, Inc.

Dear Ms. Stokes:

On behalf of Industrial Railway Switching & Services, Inc. I am enclosing for recording an original and two counterparts of a primary document, not previously recorded entitled: "Memorandum of Lease" dated as of November 28, 2000. Also enclosed is a check for \$26 payable to the "Surface Transportation Board."

The names and addresses of the parties is as follows:

Industrial Railway Switching & Services, Inc. (LESSOR)  
1020 Washington Ave.  
Chicago Heights, IL 60411  
Attn: Mr. B. Ken Forgey III

Philips Services/Luria Brothers (LESSEE)  
20521 Chagrin Boulevard  
Cleveland, OH 44122  
Attn: Mr. Richard E. West

The equipment covered by the document is LLX 165 (1) GE Middle Cab locomotive bearing the reporting marks as described in the attached schedule.

A short summary of the document to appear in the index is as follows: "Lease Agreement between Industrial Railway Switching & Services, Inc. 1020 Washington, Chicago Heights, Illinois 60411, as Lessor, and Phillips Services/Luria Brothers, address 20521 Chagrin Boulevard, Cleveland, OH, 44123, dated November 28, 2000, and covering locomotive bearing the reporting marks as filed with the STB."

Once the document has been recorded, please return to me (at the address on the letterhead above) the stamped original and any extra counterparts not needed by the STB.

Sincerely,

A handwritten signature in black ink, appearing to read "BK Forgey III".

B. K. Forgey III  
President

MEMORANDUM OF LEASE

1. Pursuant to the Master Lease Agreement dated as of November 28, 2000 (collectively, the "Lease Agreement"), between Industrial Railway Switching & Services, Inc. ("Lessor"), as lessor, and Philip Metal Inc. ("Lessee"), as lessee, Lessor has leased to Lessee the locomotive equipment identified on the exhibit attached hereto and entitled "Description of Locomotive" (the "Locomotives"). Said lease of the Locomotive is referred to hereinafter as the "Lease."
2. The addresses of the parties are as follows:

Industrial Railway Switching &  
Services, Inc. (Lessor)  
1020 Washington Ave.  
Chicago Heights, IL 60411

Philip Metal Inc. (Lessee)  
20521 Chagrin Blvd.  
Cleveland, OH 44122
3. The term of the Lease has already commenced and is scheduled to end approximately on January 31, 2006.
4. The terms and provisions of the Lease are more particularly set forth in the Lease Agreement.
5. This Memorandum may be signed in counterpart or duplicate copies, and any signed counterpart or duplicate copy shall be equivalent to a signed original for all purposes.

[Execution on Next Page]

RECORDATION NO. 23710 FILED

OCT 19 '01 1-16 PM

SURFACE TRANSPORTATION BOARD

IN WITNESS WHEREOF, the parties hereto have caused this Memorandum to be executed as of 10-4-01.

Industrial Railway Switching &  
Services, Inc.

BY: BL Forgey III

Name: B. Ken Forgey III

Title: President

State of Illinois, County of Cook

On Oct 4, 2001, <sup>2001</sup>~~2000~~, before me personally appeared B. K. Forgey, to me personally known, who being by me duly sworn says that he is President of Industrial Railway Switching & Services, Inc., and that he executed the foregoing instrument on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.



[Signature]  
Notary Public  
My commission expires: Mar. 23, 2003  
[NOTARIAL SEAL]

[Execution continued on the next page; remainder of this page intentionally left blank]

Philip Metal Inc.

BY: *Doug McSorley*

Name: ~~Richard E. West~~ Doug McSorley

Title: ~~General Manager~~ V.P. Finance

State of Ohio, County of Cuyahoga

On September 25, 2000<sup>1</sup>, before me personally appeared Doug McSorley, to me personally known, who being by me duly sworn says that he is VP Finance of PSC METAL INC, and that he executed the foregoing instrument on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

*Laura L. Manson*  
Notary Public

My commission expires:

LAURA L. MANSON  
Notary Public, State of Ohio  
Recorded in Cuyahoga County  
My Commission Expires 10-18-04

[NOTARIAL SEAL]

RECORDATION NO. 23710 FILED

OCT 19 '01 1:16 PM

SURFACE TRANSPORTATION BOARD

LOCOMOTIVE LEASE AGREEMENT

This lease made and entered into as of this  
November 28, 2000 by and between:

Industrial Railway Switching & Services, Inc.,  
An Illinois Corporation  
"Lessor"

and

Philip Metal Inc.  
20521 Chagrin Blvd.  
Cleveland, OH 44122  
"Lessee"

## LOCOMOTIVE LEASE AGREEMENT

### LESSOR AND LESSEE AGREE AS FOLLOWS:

1. **LEASE:** Lessor agrees to lease to Lessee, and Lessee agrees to lease from Lessor, the locomotive described in Schedule "A", located at the Mansfield, OH: attached hereto and made a part hereof, upon the terms and conditions herein set forth. This lease shall be binding only on the locomotive(s) described in Schedule "A".

The Lessee may stencil its name on the Locomotive, but shall not remove or obscure Lessor's reporting marks.

2. **INSPECTION AND ACCEPTANCE:** Lessee acknowledges that it will inspect the Locomotive(s) at a mutually agreed upon location with the Lessor. At the time of said delivery, the locomotive shall be considered in good repair and operating condition. Such delivery and acceptance shall be acknowledged, in writing, by Lessee.

At the time of return of the locomotive to Lessor at Chicago Heights, Illinois, a joint inspection of the locomotive shall be performed and except as otherwise determined by said joint inspection each locomotive shall be considered to be in good repair and operating condition at the time the locomotive is returned to Lessor, reasonable wear and tear accepted.

3. **RENTAL:** Lessee shall pay to Lessor's assignee as rental for each locomotive the sum outlined in Schedule A for each 30 day period or from the time that each locomotive is delivered to Lessee at a mutually agreed interchange point, (hereinafter called "Rent Commencement Date"), until same is returned to Lessor at the expiration of the lease term. Lessor shall render a monthly bill to Lessee for said rental and Lessee shall pay same within thirty (30) days of receipt thereof.

Lessee shall not be entitled to any abatement of rent, reduction thereof or set-off, counterclaim, recoupments of defense against rent or any other amount payable hereunder for any reason whatsoever, including, but not limited to abatements, reductions, set-offs, counterclaims, recoupments or defenses due or alleged to be due by reason of any pact, present or future claims of Lessee against Lessor or any other person for any reason of any defect in the condition, design, operation or fitness for use of any locomotive damage to or loss of possession or use or destruction of all or any of such Locomotives from whatever cause and of whatever duration.

4. **TERM:** The term of this lease shall begin on the Rent Commencement Date and continue for a minimum period of sixty (60) months.

In the event Lessee desires to extend the term of this lease, Lessee shall give Lessor ninety (90) days notice in writing prior to its termination. It is understood that any extension of the lease may have substantially different terms. Payment will be made in U.S. funds.

5. **PLACE OF PAYMENT OF RENT:** Lessee shall direct payment of the monthly rent to the following address:

Industrial Railway Switching & Services, Inc.  
1020 Washington Ave.  
Chicago Heights, IL 60411

6. **LOSS OR DESTRUCTION:** Lessee agrees that it will be solely responsible for any loss, damage or destruction due to accident, derailment, collision or inappropriate use of any locomotive leased from Lessor while subject to this lease. In case any of the Locomotive(s), during the term of the lease period become lost, destroyed or damaged beyond repair from any cause whatsoever, rental with respect to any such locomotive shall not cease. In the case of any such loss, Lessee will provide substitute locomotive, which shall be similar to the destroyed locomotive and acceptable to Lessor, or Lessor will provide substitute locomotive, which shall be similar to the destroyed locomotive and acceptable to Lessee and pay Lessor the cost of the substitute locomotive, including but not limited to any and all costs for locating, inspecting, repairing replacement locomotive and inbound freight.

7. **INSURANCE:** (a) Subject to the limitations set forth in Section 8, all risk of loss of, damage to, or destruction of the Locomotives shall at all times be on Lessee except for loss, damage or destruction resulting from a negligent act or omission of Lessor.

(b) Lessee shall provide (1) Insurance against loss, theft, and destruction or damage of the locomotive, for a replacement value not less than \$150,000.00, and (2) comprehensive public liability insurance against claims for personal injuries, death and property damage in no event less comprehensive in amount against risk customarily insured against by Lessee in respect of similar locomotive owned or leased by it. Lessee shall pay applicable premiums for insurance. Lessee shall have the right to insure the Locomotive(s) for its own account, for the amount by which its fair market value exceeds the coverage required hereunder and IRSS or its' designated assignee, shall be named

beneficiary.

- (c) All insurance policies required hereunder shall (1) cover the interests of Lessee and Lessor and protect Lessee and Lessor in respect of risks arising out of the condition, maintenance, use, ownership and operation of the Locomotive(s), (2) provide that the insurance carrier endeavor to mail at least 30 days prior notice in the event of cancellation or material alternation in coverage, (3) provide, as such to physical damage insurance, that the losses, if any, shall be payable to Lessor under a standard long form loss payable clause, (4) provide that in respect of the interest of the Lessor in such policies, the insurance shall not be invalidated by an action or inaction of Lessee and shall insure Lessor's interest as it appears regardless of any breach or violation by Lessee of any warranty, declaration or condition contained in such policies, and shall include coverage against liability which Lessor might incur by reason of the operation of the locomotive(s), and (5) not required co-insurance.

8. COMPLIANCE WITH LAW: REPAIR MAINTENANCE AND LIENS: Lessee shall comply with all applicable governmental laws, regulations and requirements and other binding regulations with respect to use, and transport of the Locomotive(s) during the lease period.

The Lessee shall use the Locomotive(s) only in the manner for which designed and intended and so as to subject them only to ordinary wear and tear. Lessee will not permit any liens or encumbrances to be placed on the Locomotive(s) and will promptly take action, at it's own expenses, to remove and discharge any such liens that may placed on the Locomotive(s).

Lessor shall, at its own cost and expense keep the locomotive(s) in good order, condition and repair in accordance with manufacturers recommendations. In the event the locomotive(s) is not operational for a period of forty-eight (48) hours or more due to failure on the part of the Lessor to have the necessary repair work completed, the next monthly lease payment shall be reduced by \$112.33 for each day thereafter that the locomotive is under repair and not available to the Lessee. In the event the unit is not available within 10 working days IRSS will supply a piece of equipment capable of moving railcars. *For FSC Marshall & Co*

9. INDEMNITY: Subject to the obligations and undertakings of the Lessor specified in Section 14 of this lease, Lessee does hereby release, indemnify and save harmless Lessor, its successors and assigns from and against any claim and all liability, loss, cost, damage, charges, attorney fees, and expense which Lessor may incur, suffer or in any way be subjected to, resulting from or arising out of injury to or death of any person or persons whomsoever, and the loss or destruction of or damage to any property whatsoever of any person, firm or corporation including but not limited to the property of the parties hereto or in the care or custody of the parties hereto and from any and all claims, demands, or actions for such loss, injury or damage, caused by growing out of or in any way connected with the locomotive leased by Lessee except when attributable to the fault, failure or negligence of Lessor or otherwise. The foregoing release and indemnification shall apply to matters or things occurring only between the time the Locomotive(s) are delivered to Lessee and the time they are re-delivered to Lessor (save and except while any Locomotive(s) are within the Lessor's possession).

10. ASSIGNMENT: Lessee shall not assign or sublet its interest, or any part thereof, under this lease, or permit the use or operation of any locomotive subject to this lease by any other person, firm, corporation or locations, without prior consent of the lessor. Lessor may at any time assign all or any portion of the rents due or to become due and/or the leased property without notice to Lessee and in such an event Lessor's transferee and remedies of the Lessor hereunder. Lessee shall have a continuing obligation to pay Lessor and shall continue to pay Lessor until such time as notice of such assignment is given to Lessee.

11. NOTICE: Unless otherwise specifically provided, any notices to be given under this lease or any other communications between the parties shall be given by certified mail, postage prepaid, in the following manner:

(a) Notices from Lessor to Lessee shall be sent to:

- 1) VP Finance and Administration  
Philip Metals Inc.  
20521 Chagrin Blvd.  
Cleveland, OH 44122
- 2) Plant Manager  
2500 East 23<sup>rd</sup> Street  
Mansfield, OH 42040

or to such other address as Lessee may from time to time indicated by written notice to Lessor.



(b) Notices from Lessee to Lessor shall be sent to:  
Industrial Railway Switching & Services, Inc.  
1020 Washington Ave.  
Chicago Heights, Illinois 60411

or to such other address as Lessor may from time to time indicate by written notice to Lessee.

12. QUIET ENJOYMENT: So long as Lessee makes its aforesaid rental payments and otherwise complies with the terms and provisions hereof, Lessee shall be entitled to the use and possession of the Locomotive(s) according to the terms hereof without interference by Lessor or by any party lawfully claiming by or through the Lessor.

13. AUTHORITY: The undersigned signatories herewith represent and warrant that they are fully authorized to execute this lease and bind the respective parties to the terms and provisions hereof.

14. LATE CHARGES: Delinquent installments of rent shall bear interest at the rate of 1% per month.

15. TAXES: During the term here of Lessee, or Lessor at Lessee's expenses, shall promptly report, pay and discharge when due all license and registration fees, assessments, sales, but only as it relates to a sale to Lessee, use and property taxes, gross receipts taxes arising out of receipts from use or operation of Locomotive(s) and including without limitation amounts payable under Section 3 hereof and other taxes (excluding any tax measured by Lessor's net income), together with any penalties or interest thereon, imposed by any state, federal or local government in respect to the possession, contro, use or operation of the Locomotive(s) and whether or not the same shall be assessed against or in the name of Lessor of Lessee. Should Lessee claim an exempt status from above mentioned taxes, proof of exempt status must accompany this lease in its' executed form.

16. DEFAULT: If the Lessee, after (5) business days notice of default, shall fail to carry out and perform any of the obligation on its part to be performed under this lease, or if at law or in equity, including without limitation the right immediately to repossess the Locomotive(s), to remove the Locomotive(s) from Lessee's service, to terminate this lease, and recover any and all damages sustained as a result of Lessee's default. If Lessor shall terminate this lease pursuant to this Section, Lessee shall remain liable for all unpaid rent and other amounts due hereunder. The rights and remedies herein given are provided by law or in equity.

Should any proceedings be instituted by Lessor for money due to Lessor hereunder and/or for possession of any or all of the Locomotive(s) or for any other relief, Lessee shall pay Lessor a reasonable sum as attorney's fees. In addition to any remedies provided herein, Lessor shall have all the rights provided to Lessor under Section 1168 to Title 11 of the United States Code and amendments thereto.

17. MISCELLANEOUS: All inbound transportation charges for delivery of the Locomotive(s) to the Lessee shall be borne by Lessee. All outbound transportation charges for return of the locomotive(s) to the Lessor shall be borne by the Lessor, provided the lease agreement in not terminated by either party, except in the event of lessor default, prior to the expiration of this lease agreement. If any part hereof is contrary to, prohibited by or deemed invalid under applicable laws or regulations or any jurisdiction, such provision shall be inapplicable and deemed omitted but shall not invalidate the remaining provisions hereof. Lessee acknowledge the receipt of a true copy of this locomotive lease Agreement. Lessee will not, by reason of this lease or by any action taken hereunder, assume or have any right or title in and to the Locomotive(s) except as to the right herein, expressly granted it as Lessee.

18. Penalty Clause: IRSS will charge PM a cancellation penalty of \$35,000.00 in the event PM wishes to terminate the lease agreement. IRSS will issue a credit of \$500.00 per month that PM pays a lease payment to IRSS for the locomotive. For example, if PM decides to cancel the lease after twelve months and has paid twelve payments then your penalty would be reduced by \$6,000.00, for a penalty of \$29,000.00. This is to offset the cost of the remote control system.

19. LAWS GOVERNING LEASE: This agreement shall be governed by and construed in accordance with the laws of the State of Illinois.

20. EXECUTION: This lease and any lease supplemental hereto, may be executed in several counterparts, each of which so executed shall be deemed to be an original and in each case such counterparts together shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the Lessor and the Lessee, each pursuant to due authority, have caused these presents to be signed in their respective names as of the date first above written.

Signed: BK Forquiza

By: President

Title: Industrial Railway Switching & Services,  
Inc., Inc

Signed: Richard E West

By: Richard E. West

Title: Gen'l Mgr  
Philip Metal Inc.

Signed: Christine A Meingasner  
Witness

By: Chris Meingasner

Signed: Ted Baldwin  
Witness

By: Ted Baldwin

SCHEDULE "A"

Lessor shall lease locomotive LLX 165 with the following equipment:

LLX 165
A. GE Middle Cab Locomotive
B. 50 Ton
C. 2 Detroit Diesel Engines
D. Cattron Remote Control
E. 6BL brake equipment
F. GE traction motors
G. GE style truck assembly
H. Roller bearing wheel journal

The unit will be equipped with a remote control system capable of recording data and events.

The rental sum for the locomotive is two thousand dollars (\$2,00.00) per month. The additional charge for the remote control system is five hundred dollars (\$500.00) per month. Thus the total charge for the rental of the locomotive will be two thousand five hundred dollars (\$2,500.00) per month.

Rental sum shall include unlimited maintenance and shall be provided by the lessor. Lessor shall supply all replacement parts, lubricants, filters, including all maintenance inspections and filter changes.

Rent commencement date is February 1<sup>st</sup>, 2001